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SUBJECT: U.S. DELEGATION POSITION GUIDANCE FOR THE IRFFI  
DONORS COMMITTEE MEETING IN BARI, ITALY ON OCTOBER 28-29.

REF: A. STATE 142290

[B](#). STATE 148053  
[C](#). STATE 149144

[1](#). (SBU) This is an action cable for the U.S. delegates to the Meeting of the Donors Committee (DC) of the International Fund Facility for Iraq (IRFFI) in Bari, Italy on October 28-29. See reftel country clearance requests for the composition of the delegation.

[2](#). (SBU) The agenda for the IRFFI DC meeting is divided into three sessions: (1) IRFFI Governance and Technical Issues, particularly for discussion and adoption of the new IRFFI Terms of Reference (ToR), the alignment of the IRFFI to the International Compact with Iraq (ICI), and the organization and work of the IRFFI and ICI secretariats and sectoral working groups (SWGs); (2) implementation of IRFFI programs with reports from the World Bank (WB) and UN Development Group (UNDG); and (3) future perspectives on IRFFI - to discuss the way forward. The following guidance pertains mainly to the first session (on governance and the ToR), and the final session (on the future of IRFFI).

[3](#). (SBU) General Points on Iraqi Leadership: We endorse views expressed by the EC and others that the exercise of genuine Iraqi leadership will be central to the success of IRFFI and the ICI. We look to GoI to exercise its leadership in ways that demonstrate its capabilities to deliver upon its National Vision for Iraq as a peaceful and stable nation where its people are well-served by their government. Iraqi leadership will best be demonstrated by concerted and sustained action effectively to spend GoI and IRFFI funds and to implement the ICI beginning with the establishment of an effective secretariat serving both IRFFI and the ICI.

[4](#). (SBU) IRFFI Timeline and Resources: We concur in observations made by IRFFI Co-Chair Ambassador de Martino (Italy) that the timeline end-date for IRFFI activities should be aligned with the life span of the ICI to run through to the end of the year 2012. We note from informal IRFFI DC discussions in New York (see reftel State 149144) that a number of countries want to add funding resources to IRFFI and would encourage the DC actively to seek additional funds to be expended during IRFFI's remaining lifetime.

[5](#). (SBU) IRFFI Terms of Reference: The IRFFI ToR must make clear that the IRFFI on a priority basis supports accomplishing the goals and benchmarks of the ICI, that the ICI clarifies and substantially implements Iraq's National Development Strategy (NDS) and that the NDS should incorporate the ICI Joint Monitoring Matrix (which elaborates the ICI benchmarks). Following the recommendations of the SCAN consultants who reviewed the ToR, the new ToR should

establish that the chairmanship of the IRFFI DC should be held by a representative of a donor country or organization. Recognizing that the IRFFI still has important contributions to make in the fields of relief and reconstruction, the new IRFFI ToR should be broadened to allow IRFFI resources to go to supporting Iraq's internally displaced persons as well as protecting the most vulnerable of Iraq's citizens.

¶16. (SBU) Role of the Iraq Strategic Review Board (ISRB) and Sectoral Working Groups (SWGs): The ISRB and its SWGs face an ambitious agenda and must better focus and strengthen their efforts toward implementation of the ICI. We agree that the SWGs should serve both the IRFFI and the ICI. However, only two SWGs have met (for Energy and Human Development) and progress is spotty. The GoI, with the strong support of the UN and World Bank, must work harder to stand-up all of the SWGs; the SWGs play crucial roles for bringing together Iraq's ministries and provinces with donors and investors. We urge the GoI to adopt firm times for standing-up all SWGs before the end of 2007, and to task the SWGs with publishing their Sectoral Development Strategies before mid-year 2008. The Sectoral Development Strategies should emphasize mobilizing Iraqi resources, identify requirements for ministerial and provincial capacity development, indicate where other donor assistance in all its forms is needed, and point to areas where private enterprises and investors (domestic and foreign) can play greater roles. Working with IRFFI and individual donor countries, the SWGs should explore "project co-sharing" where diverse Iraqi and international resources can be aligned or co-mingled to

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leverage results.

¶17. (SBU) IRFFI and ICI Secretariats: Thanks to the European Commission (EC), WB, Italy and other DC country members for supporting efforts to stand-up the secretariats. We urge the GoI and the UN to complete staffing for the ICI secretariat by the end of November. This will be integral to

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getting the SWGs to begin meeting. The IRFFI secretariat should work closely with the ICI secretariat, or in time be merged into the ICI secretariat. With the help of consultants and advisors, including from the UN and World Bank, the secretariats should collaborate with IRFFI donors and ICI partners to build upon Iraq's Development Assistance Database in order to clarify the current status, timelines and aims of pledged donor assistance. They should also collaborate with the Ministry of Planning and Development Cooperation's (MoPDC's) Central Office of Statistics and Information Technology (COSIT) much more fully to develop national and provincial data on capital investment from all national and foreign sources (public and private). Such efforts to track capital investment should complement and help to improve the Ministry of Finance's monitoring and reporting of capital budget execution. This information is needed for Iraq's national account data on Gross Fixed Capital Formation - a key component of GDP and indicator of current and future development. Equally important is to develop greater visibility and recognition of the considerable contributions to Iraqi relief and reconstruction that are being made by its development partners both bilaterally and multilaterally, as through the IRFFI.

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